

## Message Text

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 AF-06 ARA-06 EA-06 NEA-09

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FEAE-00 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00

NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 FRB-03 OPIC-03 XMB-02 PA-01 USIA-06 PRS-01

IGA-01 /137 W

----- 005135

R 021752Z MAY 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9811

INFO USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 01 OF 02 BONN 07146

E.O. 11652: GDS

TAGS: PFOR, ENRG, EGEN, UN, GW

SUBJECT: AMBASSADOR'S CALL ON AID MINISTER BAHM

REF: STATE 101530; BONN 6861

BEGIN SUMMARY: AMBASSADOR REASSURED ECONOMIC COOPERATION MINISTER BAHR OF OUR UNCHANGED POSITION VIS-A-VIS CERDS DURING HIS CALL ON MAY 2. BAHR EXPRESSED HIS APPRECIATION FOR ASSURANCE BUT DE CLEAR DURING HIS CONVERSATION THAT HE DISAGREED WITH US APPROACH. HE FAVORS RESUMPTION OF PREPCON AS SOON AS POSSIBLE AND FEELS THAT A LENGTHY PRODUCER/CONSUMER DIALOGUE WOULD BE USEFUL TO MARK TIME PENDING THE DEVELOPMENT OF THE DIVERGENCES OF INTERESTS BETWEEN THE OIL PRODUCERS AND OTHERLDCS. HE ALSO SUPPORTED MORE FLEXIBLE POSITION VIS-A-VIS SOME OF THE DEMANDS OF THE LDCS, EMPSIZING, HOWEVER, THAT THE END RESULT OF THE FRG STUDY OF THE  
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VARIOUS ISSUES WAS STILL UNCLEAR. END SUMMARY.

1. THE AMBASSADOR TOOK THE OCCASION OF HIS CALL ON ECONOMIC COOPERATION MINISTER BAHR ON MAY 2 TO REASSURE THE MINISTER THAT THE US POSITION ON CERDS HAD NOT CHANGED. THE AMBASSADOR REFERRED TO THE REASSESSMENT OF GERMAN POLICY FOLLOWING THE BREAK-DOWN OF THE PREPCON AND EXPRESSED THE HOPE THAT THE FRG WOULD KEEP IN MIND OUR POSITION IN THIS RE-ASSESSMENT.

2. MINISTER BAHR EXPRESSED APPRECIATION FOR THIS INFORMATION. HE SAID IT WOULD NATURALLY HAVE TO BE TAKEN INTO ACCOUNT IN ANY REASSESSMENT. SPEAKING FOR HIMSELF, BAHR SAID HE DID NOT AGREE COMPLETELY WITH THE US POSITION ON THE "NEW ECONOMIC ORDER". HE GENERALLY CONFIRMED RELIABILITY OF HIS VIEWS CONTAINED IN SUDDEUTSCHE ZEITUNG OF APRIL 30, WHICH DREW HEAVILY ON HIS RECENT INTERVIEW WITH AP (SEE BONN 6911) AND DESCRIBED GROWING DISTANCE BETWEEN HIS POINT OF VIEW AND THAT OF THE US. BAHR WOULD LIKE TO SEE THE PREPCON RESUME AS SOON AS POSSIBLE TO AVOID PROBLEMS AT THE UN 7TH SPECIAL SESSION. HE FEARS THAT IF THE PREPCON IS NOT RESUMED, THE SPECIAL SESSION WILL BECOME A FORUM FOR FURTHER CONFRONTATION BETWEEN THE INDUSTRIALIZED WORLD AND THE LDCS.

3. BAHR AGREED WITH OUR ASSESSMENT THAT THE PREPCON HAD CONFIRMED SOLIDARITY BETWEEN THE OIL PRODUCERS AND OTHER LDCS. FOR THE MOMENT, IN HIS VIEW, THE NON-OIL PRODUCER LDCS FEEL THAT THEY WILL BE BETTER TREATED BY THE OIL PRODUCERS. BAHR IS PERSUADED, HOWEVER, THAT THIS COMMUNITY OF INTEREST WILL BREAK DOWN DURING THE NEXT THREE OR FOUR YEARS WHEN HE BELIEVES OIL WILL BE IN EVER MORE PLENTIFUL SUPPLY. IN THE MEANTIME HE THINKS THE INDUSTRIALIZED WORLD WILL HAVE TO BRIDGE THIS PERIOD, AND HE THINKS IT IMPORTANT THAT THERE BE A LOT OF TALK, TALK, TALK. FOR THIS REASON, HE WOULD FORESEE A DIALOGUE DEVELOPING INTO A CSCE KIND OF FORUM WHICH WOULD INCLUDE RAW MATERIALS.

4. BAHR SAID HE UNDERSTOOD THAT THE US COULD STAND  
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ALONE AGAINST THE OIL PRODUCERS, SINCE THE US HAD MORE DOMESTIC RESOURCES. ON THE OTHER HAND, THE FRG COULD NOT TOLERATE ANOTHER OIL EMBARGO, AND NO GERMAN GOVERNMENT COULD SURVIVE ONE. THE FRENCH ACCORDING TO BAHR, ARE CYNICALLY WILLING TO SIGN ANYTHING WITH THE CLEAR KNOWLEDGE THAT NOTHING THEY SIGN WILL ALTER THE REAL SITUATION AT ALL. AS A CONSEQUENCE, THE FRG IS IN THE CLASSICAL

SITUATION CAUGHT BETWEEN ITS EUROPEAN PARTNERS AND ITS MAJOR ALLY.

5. ACCORDING TO BAHR, THE CHANCELLOR HAS ALSO CLEARLY DECIDED THAT THE FRG, UNLIKE THE US, COULD NOT TOLERATE A CONFRONTATION WITH THE OIL PRODUCERS. IN SPITE OF THE AMBASSADOR'S ASSURANCES OF IEA ARRANGEMENTS FOR PETROLEUM SHARING, BAHR PERSISTED IN HIS DOUBTS OF WHAT THE FRG COULD EXPECT IN THE

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CASE OF A REAL CRISIS.

6. HE WAS PERSUADED THAT THERE ARE A NUMBER OF THINGS IN THE NEW ECONOMIC ORDER THAT WOULD BE ACCEPTABLE. FOR EXAMPLE, HE WOULD NOT OBJECT TO THE RIGHT OF EXPROPRIATION, AND HE WOULD AGREE THAT COMPENSATION

SHOULD BE REGULATED BY DOMESTIC LAW. BAHR DISMISSED THE AMBASSADOR'S REFERENCE TO THE NEED FOR DOMESTIC LAW TO CONFORM TO INTERNATIONAL LAW. HE STRESSED, HOWEVER, THAT THERE CANNOT BE ONE LAW FOR ONE PARTY AND ANOTHER FOR THE OTHER. IF THE LDCS ARE GOING TO INSIST ON THEIR RIGHT TO CONFISCATE PROPERTY OF THE INDUSTRIALIZED WORLD IN ACCORDANCE WITH THEIR NATIONAL LAW, WE MUST INSIST ON OUR RIGHT TO CONFISCATE THE FUNDS OF THE OIL PRODUCING COUNTRIES IN ACCORDANCE WITH OUR NATIONAL LAW.

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7. AS FAR AS INDEXATION IS CONCERNED, ACCORDING TO BAHR, MUCH DEPENDS ON HOW TO DO IT. THE INDUSTRIALIZED WORLD WOULD READILY ACCEPT INDEXATION OF OIL AND MANUFACTURED PRODUCTS BASED ON 1973. THE ONLY OBJECTION IS HOW TO DO IT. HE REFERRED TO THE IEA FLOOR PRICE AS A KIND OF INDEXATION. HE WOULD PREFER SOME LASTING ARRANGEMENT THAT WOULD LAST TWENTY YEARS RATHER THAN A WILLY-NILLY CHANGE OF SIGNALS EVERY YEAR.

8. BAHR SOMEWHAT SARCASTICALLY RELATED THAT THE SAME "TECHNICAL IDIOTS" (IN THE BEST SENSE OF THE WORD) HAD BEEN DEALING WITH THESE MATTERS FOR SOME YEARS AND NOT SURPRISINGLY ALWAYS COME TO THE SAME CONCLUSIONS. THE POLITICIANS DO NOT REALLY UNDERSTAND WHAT THESE TECHNICIANS ARE DOING. HE STRESSED THAT WHILE THE FRG WAS RECONSIDERING ITS POSITION, HE DID NOT KNOW HOW IT WOULD COME OUT.

9. BAHR SAID HE HAD RECENTLY WRITTEN TO AID ADMINIS. PARKER (FOR WHOM HE EXPRESSED GREAT ADMIRATION), SETTING FORTH SOME OF HIS VIEWS IN A PERSONAL WAY. HE VERY MUCH FEARS THAT IF THE US CONTINUES TO STONEWALL ANY CHANGE, WE WILL SOMETIME IN THE NEXT THREE OR FOUR YEARS HAVE TO REVERSE OUR POSITION. HE MENTIONED THE LIKELY LOSS OF FACE FOR THE US WHEN THIS OCCURRED. IN HIS VIEW, IT WAS ESSENTIAL AT THIS POINT, GIVEN THE VIETNAM DEVELOPMENTS, NOT TO CHANGE THE STATURE OF THE US, THE FRG'S MAJOR ALLY, IN ANY WAY. FOR THIS REASON, HE CONSIDERED OUR PRESENT POLICY AND TACTICS UNWISE AND MISDIRECTED.

10. COMMENT: THE AMBASSADOR, ON SEVERAL OCCASIONS, STRESSED TO BAHR THE FACT THAT THE US DID NOT DENY THE RIGHT OF A NATION TO NATIONALIZE PROPERTY PROVIDED THERE WAS EQUITABLE COMPENSATION UNDER INTERNATIONAL LAW. HE ALSO SOUGHT TO REASSURE BAHR OF THE WILLING-

NESS OF THE US TO SHARE THE BURDEN IN THE CASE OF THE  
DISRUPTION OF OIL SUPPLY. IT IS CLEAR, HOWEVER, THAT  
BAHR IS NOT IN THE POSSESSION OF ALL THE FACTS NOR  
INDEED DOES HE UNDERSTAND THEM. IT IS PROBABLE THAT  
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HE WILL GET SOME EDUCATION DURING THE POLICY ASSESSMENT  
WHICH IS UNDERWAY, AND THE EMBASSY FOR ITS PART WILL  
EXERT EVEN GREATER EFFORT TO ASSURE THAT HIS MINISTRY  
IS HELP INFORMED OF OUR POLICY AND ITS JUSTIFICATION  
THEREFOR. DEVELOPMENTS OFFER AN  
UNUSUAL OPPORTUNITY FOR BAHR, A MINISTER IN PURSUIT  
OF AN ISSUE, TO WORK HIS WAY INTO THE FRONT ROW OF  
GERMAN DECISION-MAKING BY LATCHING ONTO ONE OF THE  
MAJOR ISSUES OF THE DAY.  
HILLENBRAND

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, ECONOMIC ASSISTANCE, LESS DEVELOPED COUNTRIES, EXPORTERS, IMPORTERS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ellisoob  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BONN07146  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 5  
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**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 101530, 75 BONN 6861  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ellisoob  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 29 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <29 MAY 2003 by BoyleJA>; APPROVED <07 OCT 2003 by ellisoob>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** AMBASSADOR'S CALL ON AID MINISTER BAHM  
**TAGS:** PFOR, ENRG, EGEN, GE, UN, (BAHR, EGON)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006